ALAMEDA COUNTY
CONGESTION MANAGEMENT AGENCY

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Memorandum

November 4, 2008
Agenda Item 4.2

DATE: October 24, 2008

TO: ACTAC

FROM: Matt Todd, Manager of Programming

RE: **FY 2009/10 Transportation Fund for Clean Air Guidelines: County Program Manger Fund Policies for FY 2009/10**

Information

ACTAC is requested to review the attached Bay Area Air Quality Management District (Air District) proposed Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for FY 2009/10 (Policies). The ACCMA submitted comments on the proposed Policies on October 8, 2008. The final Policies are scheduled to be approved by the Air District on November 5th.

The attached document highlights the proposed changes from last year, along with a summary, provided by the Air District, of all of the comments received from Bay Area County Program Managers. The 2009/10 CMA TFCA program will need to meet the Air District adopted Policies.

Attachments

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PROPOSED TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FY 2009/2010

The following policies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

1. **Reduction of Emissions:** A project must result in the reduction of motor vehicle emissions within the Air District's jurisdiction to be considered eligible for TFCA funding. Projects that are subject to emission reduction regulations, contracts, or other legally binding obligations must achieve surplus emission reductions to be considered for TFCA funding. Surplus emission reductions are those that exceed the requirements of applicable State or federal regulations or other legally binding obligations at the time the Air District Board of Directors approves an expenditure plan. Planning activities (e.g., feasibility studies) that are not directly related to the implementation of a specific project are not eligible for TFCA funding.
2. **Eligible Projects:** Eligible projects are those that conform to the provisions of the California Health and Safety Code (HSC) section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, Program Managers must receive approval by the Air District for projects that are authorized by the HSC Section 44241 and achieve Board adopted TFCA cost-effectiveness, but do not fully meet other Board adopted Policies.
3. **TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than $90,000 of TFCA funds per ton of total of emissions reduced. For the purpose of this program, emissions that are calculated include a) reactive organic gases (ROG), b) oxides of nitrogen (NOx), and c) weighted particulate matter 10 microns in diameter and smaller (PM_{10}) emissions reduced ($/ton). Administrative costs are excluded from the calculation of TFCA cost-effectiveness.
4. **Eligible Recipients:** TFCA grants may be awarded to public agencies and to non-public entities.

   Non-public entities may only apply for funding for certain clean air vehicle projects including but not limited to engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations as described in HSC Section 44241(b)7. Non-public entities may not apply for light-duty vehicle projects. No single non-public entity may be awarded more than $500,000 in TFCA County Program Manager Funds for clean air vehicle projects in each funding cycle.

   A public agency may apply for TFCA funds for clean air vehicle projects on behalf of a non-public entity. As a condition of receiving TFCA funds on behalf of a non-public entity, the public agency must enter a written, binding agreement that commits the non-public entity to operate the clean air vehicle(s) within the Air District for the duration of the useful life of the vehicle(s) or reduced emission equipment.
5. **Consistent with Existing Plans and Programs:** Only projects described in HSC Section 44241 are eligible for funding. Projects must also comply with the transportation control measures and mobile source measures included in the Air District's most recently approved strategy(ies) for State and national ozone standards and, when applicable, with other adopted State and local plans and programs.

6. **Readiness:** A project will be considered for TFCA funding only if it will commence in calendar year 2010 or sooner. For purposes of this policy, "commence" means to order or accept delivery of vehicles or other equipment being purchased as part of the project, to begin delivery of the service or product provided by the project, or to award a construction contract.

7. **Maximum Two Years Operating Costs:** TFCA grant applications that request operating funds to provide a service, such as ridesharing programs or bicycle stations, are eligible for funding for up to two years. Grant applicants who seek TFCA funds for additional years must re-apply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Failed Audit:** Project sponsors who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project will be excluded from future funding for five (5) years, or a duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the project was not implemented as set forth in the project funding agreement.

   In case of a failed audit, a Program Manager may be subject to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC Section 44242(C)3.

9. **Authorization to For County Program Manager to Proceed**: Only a fully executed funding agreement (i.e., signed by both the Air District and the County Program Manager) constitutes a final approval and obligation on the part of the Air District. Program Mangers and Project Sponsors may only incur cost (i.e., an obligation made to pay funds that cannot be refunded) after the funding agreement with the Air District has been executed.

10. **Insurance:** Each County Program Manager and project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimated coverage amounts provided in Air District guidance and final amounts specified in the respective funding agreements.

INELIGIBLE PROJECTS

11. **Duplication**: Grant applications for projects that duplicate existing TFCA-funded projects and therefore do not achieve additional emission reductions will not be considered for funding. Combining TFCA County Program Manager Funds with TFCA Regional Funds to achieve greater emission reductions for a single project is not considered project duplication.

12. **Employee Subsidy**: Grant applications for projects that provide a direct or indirect financial transit or rideshare subsidy exclusively to employees of the project sponsor will not be considered for funding.

USE OF TFCA FUNDS

13. **Combined Funds:** TFCA County Program Manager Funds may be combined with TFCA Regional Funds for the funding of an eligible project. For the purpose of calculating TFCA cost-effectiveness, the combined sums shall be used to calculate the TFCA cost of the project.

14. **Cost of Developing Proposals:** The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.

15. **Administrative Costs:** Administrative costs for TFCA County Program Manager Funds are limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received in a given year. Interest earned on prior DMV funds received shall not be included in the calculation of the administrative costs.

    All reimbursement with TFCA funds of administrative costs (i.e., direct and indirect) must be requested and justified in writing in the project application or expenditure plan, and approved in advance and in writing by the Air District.

16. **Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year. A County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two (2) one-year (1-year) schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the funding agreement between the Program Manager and the Air District is amended to reflect the revised schedule.

17. **Unallocated Funds:** Any TFCA County Program Manager funds that are not allocated to a project within six months of the Air District Board of Directors approval of the Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects within the same county from which they originated.

CLEAN AIR VEHICLE PROJECTS

18. **Light-Duty Clean Air Vehicles:**

    Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight (GVW) of 10,000 pounds or lighter. Only public agencies, including public agencies applying on behalf of non-public entities, are eligible for TFCA grants for light-duty vehicles. Light-duty chassis-certified vehicles certified by the California Air Resources Board (CARB) as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (ATPZEV), or zero emission vehicle (ZEV) standards are eligible for TFCA funding. Hybrid-electric vehicles that meet the SULEV, PZEV, AT-PZEV, or ZEV standards are also eligible for TFCA funding. Gasoline and diesel light-duty vehicles are not eligible for TFCA funding. Vehicle infrastructure is not eligible for TFCA funding unless the project is an Advanced Technology Demonstration Project (Policy 22.)

    Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, the emissions standards. Compliance with the TFCA cost-effectiveness requirement is not waived or altered by this policy.

19. **Heavy-Duty Clean Air Vehicles:**

    Eligibility: For TFCA Purposes, heavy-duty vehicles are on-road motor vehicles with a GVW of 10,001 pounds or heavier. Vehicle infrastructure is not eligible for TFCA funding unless the project is an Advanced Technology Demonstration Project (Policy 22).

Project sponsors may be awarded TFCA funds to cover no more than the incremental cost of a new clean air vehicle. Incremental cost is the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emission standards, and its new diesel counterpart that meets, but does not exceed, the emission standards.

Scrapping Requirements: Project sponsors of heavy-duty vehicles purchased or leased with TFCA funds that have in their fleet model year 1993 or older heavy-duty diesel vehicles are required to scrap one model year 1993 or older heavy-duty diesel vehicle for each new vehicle purchased or leased with TFCA funds. Project sponsors who have in their fleet model year 1994 and newer vehicles are not required to scrap an existing operational model year 1994 or newer heavy-duty diesel vehicle within their fleet. When applicable, emission reductions associated with scrapping an existing operational diesel vehicle will be factored into the calculations of the overall cost-effectiveness for the project. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

20. **Reducing Emissions from Existing Heavy-Duty Diesel Engines:** Options available to reduce emissions from existing heavy-duty diesel engines include:
    A. Repowers – To be eligible for TFCA funding, the new engine selected to repower an existing heavy-duty vehicle must reduce emissions by at least 15% compared to the direct exhaust emission standards of the existing engine that will be replaced.
    B. Diesel Emission Control Strategies – Diesel emission control strategies compatible with existing heavy-duty diesel engines are eligible for TFCA funding, subject to the conditions described below:
        i) All control strategies must be verified by CARB to reduce emissions from the relevant engine;
        ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the emission control strategy; and
        iii) The project sponsor must install the highest level (i.e., most effective) diesel emission control strategy that is verified by CARB for the specific engine.
    C. Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:
        i) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and
        ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.
    D. Replacement of Compressed Natural Gas (CNG) Fuel Tanks – the replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in Paragraphs A and B above.

21. **Bus Replacements:** Transit and school buses are defined as any vehicle used or maintained for carrying more than fifteen (15) persons, including the driver. Other buses are those used or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group. A vanpool vehicle is not considered a bus.

22. **Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not authorized by CARB) are eligible for TFCA funding. Such projects are subject to the TFCA cost-

effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced infrastructure technology not currently being implemented in the Bay Area qualify for funding.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

23. **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

    A. Be submitted by a public transit agency; or

    B. Be accompanied by documentation, from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

    All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

    Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2008/09 and obtained a letter of support from all potentially affected transit agencies for a prior project are exempt from Paragraph 23.B unless funding is requested for a new or modified shuttle/feeder bus route.

    All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects must comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

    i) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);

    ii) a hybrid-electric vehicle;

    iii) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or

    iv) a post-1989 gasoline-fueled vehicle.

BICYCLE PROJECTS

24. **Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. This requirement may be waived if the responsible Congestion Management Agency provides a letter of intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; g) the purchase of bicycles, mounted equipment required for the intended service, and helmets; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

ARTERIAL MANAGEMENT PROJECTS

25. **Arterial Management:** Arterial management grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

26. **Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

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    C. Clean Fuels or Additives – Clean fuels or additives compatible with existing heavy-duty engines are eligible for TFCA funding, subject to the conditions described below:

        i) All clean fuels or additives must be approved by CARB to reduce emissions and for use with the relevant engine; and

        ii) TFCA will fund, at most, the incremental cost (over what is standard or required by regulation) of the clean fuel or additive.

    D. Replacement of Compressed Natural Gas (CNG) Fuel Tanks – the replacement of CNG fuel tanks will only be considered for projects that achieve surplus emissions via repowers or emission control strategies, described in Paragraphs A and B above.

21. **Bus Replacements:** Transit and school buses are defined as any vehicle used or maintained for carrying more than fifteen (15) persons, including the driver. Other buses are those used or maintained for carrying more than ten (10) persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group. A vanpool vehicle is not considered a bus.

22. **Advanced Technology Demonstration Projects:** Vehicle-based advanced technology demonstration projects (i.e., technologies, motor vehicles and/or emission control devices not authorized by CARB) are eligible for TFCA funding. Such projects are subject to the TFCA

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cost-effectiveness requirement, and grant applications for such projects must include best available data that can be used to estimate the cost-effectiveness of such projects. For motor vehicles, only projects that achieve emissions performance beyond CARB's most stringent adopted regulatory requirements are eligible for funding under this category. For infrastructure projects, only applications that include vehicles and that include advanced infrastructure technology not currently being implemented in the Bay Area qualify for funding.

SHUTTLE/FEEDER BUS SERVICE PROJECTS

23. **Shuttle/Feeder Bus Service:** Shuttle/feeder bus service projects are those requesting funds to operate a shuttle or feeder bus route. The service route must go to or from a rail station, airport, or ferry terminal, and the project must:

A. Be submitted by a public transit agency; or

B. Be accompanied by documentation, from the General Manager of the transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency revenue service.

All shuttle/feeder bus service to rail or ferry stations must be timed to meet the rail or ferry lines being served.

Independent (non-transit agency) shuttle/feeder bus projects that received TFCA funding prior to FY 2008/09 and obtained a letter of support from all potentially affected transit agencies for a prior project are exempt from Paragraph 23.B unless funding is requested for a new or modified shuttle/feeder bus route.

All vehicles used in any shuttle/feeder bus service must meet the applicable CARB particulate matter (PM) standards for public transit fleets. For the purposes of TFCA funding, shuttle projects must comply with these standards by using one of the following types of shuttle/feeder bus vehicles:

i) an alternative fuel vehicle (CNG, liquefied natural gas, propane, electric);

ii) a hybrid-electric vehicle;

iii) a post-1994 diesel vehicle and a diesel emission control strategy verified by CARB to reduce emissions from the relevant engine; or

iv) a post-1989 gasoline-fueled vehicle.

BICYCLE PROJECTS

24. **Bicycle Projects:** New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. This requirement may be waived if the responsible Congestion Management Agency provides a letter of intent to include the project in the next update of the CMP. Eligible projects are limited to the following types of bicycle facilities for public use: a) new Class-1 bicycle paths; b) new Class-2 bicycle lanes; c) new Class-3 bicycle routes; d) bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels; e) bicycle lockers; f) attended bicycle storage facilities; g) the purchase of bicycles, mounted equipment required for the intended service, and helmets; and g) development of a region-wide web-based bicycle trip planning system. All bicycle facility projects must, where applicable, be consistent with design standards published in Chapter 1000 of the California Highway Design Manual.

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ARTERIAL MANAGEMENT PROJECTS

25. **Arterial Management:** Arterial management grant applications must specifically identify a given arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funding. Incident management projects on arterials are eligible to receive TFCA funding. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more.

SMART GROWTH PROJECTS

26. **Smart Growth/Traffic Calming:** Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions: a) the development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, traffic-calming plan, or other similar plan; and b) the project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District strategy for State and national ozone standards. Pedestrian projects are eligible to receive TFCA funding. Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential and retail areas.

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Signer and Agency	Comment	Staff Response
Matt Todd, Alameda Co. Congestion Management Agency (ACCMA)	**Policies 4 and 6: Consistent with Existing Plans and Programs.** Section 6 is a duplicate of Section 4.	The duplication has been eliminated.
ACCMA	**Policy 8: Failed Audit.** The ACCMA requests that the language from the FY 2008/2009 Policies be retained. As proposed, the language would implicate and penalize all jurisdictions in a county due to one jurisdiction's actions or errors.	This policy has been amended with language from the FY 08/09 Policies and applicable language from the Health and Safety Code (HSC).
ACCMA	**Policy 15: Administrative Costs.** This section as proposed does not allow for the inclusion of interest earned when calculating the 5% administrative cost. In prior years, interest earned could be included with the DMV fees prior to calculating the 5% administrative cost. The ACCMA requests that the later scenario be allowed.	The policy did not change from the FY 2008/2009 Policies. Staff will evaluate this request for consideration in future revisions to policy.
ACCMA	**Policy 18: Unallocated Funds.** The ACCMA requests that this section be revised to read that the funds: may be reallocated to eligible projects on a case by case basis and that projects that are selected for reallocation will be allocated to eligible projects within the county.	This policy has been updated in accordance with the recommendation from the Alameda County CMA.
ACCMA	**Other Eligible Projects.** The ACCMA requests that an additional section for "Other Eligible Projects" be added to the FY 2009/2010 Policies. This category would be for other new project types compatible with the TFCA Program that may be considered eligible by the Air District on a case by case basis. Such projects would be subject to the TFCA cost–effectiveness requirement and grant applications for such projects should include the best available data that can be used to estimate the cost-effectiveness of such projects.	The Policies have been revised in accordance with the recommendation from Alameda and Marin counties (**Policy 2 Eligible Projects.**)

Signer and Agency	Comment	Staff Response
David Chan, Transportation Authority of Marin (TAM)	**Policy 8: Failed Audit.** Is this intended for the Program Managers or the project sponsors? Five years seems excessive. Is there a period to any deficiencies to avoid the penalty? If this is intended for the Program Managers, what would happen to the funds during the five-year period?	This policy was intended to apply to Project Sponsors. This policy has been amended with language from the FY 08/09 Policies and applicable language from the HSC.
TAM	**Policy 16: Expend Funds within Two Years.** It would be helpful if the date of the first payment is listed on our Funding Agreement so that we know what that date is years after the fact.	Staff will ensure that this information is easily accessible and at a minimum, be posted on the district's website.
TAM	**Policy 25: Bicycle Projects:** Allow a catch-all item for innovative bicycle projects that are not explicitly listed in the current list of projects. Such projects should be determined on a case-by-case basis instead of automatic exclusion.	The Policies have been revised in accordance with the recommendation from Alameda and Marin counties (**Policy 2 Eligible Projects.**)
Bill Hough Santa Clara Valley Transportation Authority	VTA continues to get questions pertaining to Item # 24 of the guidelines, which does not specifically state that the operation of a bike share/loan program is eligible under bicycle storage facility and we'd like to get confirmation that such a project could be eligible.	Staff will evaluate projects that are not included in the eligible project list on a case by case basis.
Amber Crabbe, San Francisco County Transportation Authority (SFCTA)	**Policy 4: Eligible Recipients:** We are confused by the language in this policy about for what types (non-public entities are able to be awarded funds directly. E.g. if non-public agencies are only allowed to apply for heavy duty vehicle projects, we suggest replacing "non-public entities may only be awarded TFCA grants to implement certain clean air vehicle projects" with "… to implement heavy-duty vehicle projects." It may also be less confusing to delete the last sentence, or modify to read ' public agencies may apply on behalf of non-public agencies for light-duty vehicle grants."	**Policy 3 Eligible Recipients as** been updated to clarify intent per recommendation from SFCTA.
SFCTA	**Policy 6: Consistent with Existing Plans and Programs:** This policy repeats Policy 4.	The duplication has been eliminated.

Signer and Agency	Comment	Staff Response
SFCTA	**Policy 8: Failed Audit:** This policy states that "Program Managers who have failed either the fiscal audit or the performance audit for a prior TFCA -funded project will be excluded from future funding for five (5) years… A failed performance audit means that the project was not implemented as set forth in the project funding agreements and/or Air District Board adopted Policies." We agree with the intent of holding project sponsors responsible for implementing projects consistent with the funding agreement, but suggest clarifying that the project sponsors, not that Program Manager will be held accountable for performance audits.	This policy has been amended with language from the FY 08/09 Policies and applicable language from the Health and Safety Code (HSC).
SFCTA	**Policy 10: Insurance:** This policy references both the "estimated coverage amounts provided in Air District guidance" and the "final amount specified in the respective funding agreements." In the future, what flexibility will Program Managers have to negotiate modified coverage amounts with the Air District appropriate for types of projects?	Staff will evaluate this request for consideration in future revisions to policy and guidance.
SFCTA	**Policy 16 Expand Funds within Two Years:** The proposed policy specifies that "County Program Managers must expend funds within two years of the date that the Program Manager receives the first payment of funds from the Air District, unless a longer period is formally (i.e. in writing) approved in advance by the County Program Manager…" we suggest adding language to clarify that formal approval should be granted in advance of the fund expiration date, not in advance of the original approval date, as the language currently implies.	This policy has been revised for clarity.
SFCTA	**Policy 18 Unallocated Funds;** The proposed policy begins with "Any TFCA County Program Manager funds that are not allocated within six months…" and the e-mail accompanying the draft policies includes the following responsibility for Program Managers: "Program Managers must allocate TFCA funds (i.e., obtain CMA board approval and or enter into contracts with Project Sponsors) within six months." Please confirm that "allocation" in the draft policy document refers to be Program Manager Board approval of the program of projects (or preference), or specify what action "allocation" entails.	"Allocation" is demonstrated by approval of projects by the Program Manager Board and/or Air District Board or through an executed contract with Project Sponsors.

Signer and Agency	Comment	Staff Response
SFCTA	**Cost Effectiveness Evaluation and Monitoring:** What will the Air District expect from the Program Managers to document a project's projected and actual cost effectiveness? Currently we evaluate projected emissions reductions with cost effectiveness worksheets, and then demonstrate achieved emissions reductions with the submission of a Project Monitoring Form upon project completion. Will the Air District consider this level of evaluation and reporting sufficient in future funding cycles?	No change is proposed. Program Managers would continue to evaluate projected emissions reductions with cost effectiveness worksheets, and then demonstrate achieved emissions reductions with the submission of a Project Monitoring Form upon project completion.
SFCTA	**Approval of Amendments to that Funding Agreement:** It is our understanding that in the future, amendments to funding agreements between the Program Manager and project sponsor will be at the discretion of the Program Manager, as long as progress has been made on the project in the proposed amendment will still result in a cost-effective project. Is this understanding correct?	Yes. The proposed policies would allow Program Managers delegated authority to amend agreements with Project Sponsors for a term not to exceed four years if they determine that significant progress has been made.
SFCTA	**Treatment of Prior-Year Projects:** How does the Air District proposed to treat projects funded by prior-year TFCA Program Manager cycles? We would be interested in exploring a blanket amendment to allow us delegated responsibility to monitor the progress and evaluate amendment request for our open prior-year TFCA projects as well.	FY 08/09 Policy **Maximum Two Years Operating Costs** has been reinstated to provide Program Managers the flexibility to provide a two year term to on-going service projects, such as shuttle and bicycle stations.